



Annual Sustainability Report

Illustrative guide to the disclosure requirements of:

- AASB S2 Climate-related Disclosures



About this *illustrative guide*

This publication presents an illustrative mandatory annual sustainability report of a fictitious company, PP SD Pty Ltd. The sustainability report complies with Australian Sustainability Reporting Standards (ASRS), issued by the Australian Accounting Standards Board (AASB), specifically AASB S2 Climate-related Disclosures.

ASRS refers to two sustainability standards issued by the AASB:

- AASB S1 *General Requirements for Disclosure of Sustainability-related Financial Information* ('AASB S1')
- AASB S2 *Climate-related Disclosures* ('AASB S2')

Entities can voluntarily apply AASB S1. However, these are not illustrated in this publication.

PP SD Pty Ltd is a for-profit large proprietary company that is a parent entity in a consolidated group. For the purposes of sustainability reporting, PP SD Pty Ltd has:

- Consolidated total revenue of \$500,000,001;
- Consolidated total assets of \$1,000,000,001; and
- A total of 501 full-time equivalent employees.

PP SD Pty Ltd therefore meets the criteria to be a Group 1 entity in accordance with the *Corporations Act 2001* and therefore has a mandatory requirement to prepare a sustainability report for annual reporting periods commencing 1 January 2025.

Basis of this publication:

- The guide represents the illustrative climate-related financial disclosures for PP SD Pty Ltd and its subsidiaries ('Group')
- Disclosure included in the sustainability report represent an assessment of what is likely material to the Group under AASB S2
- The versions of the pronouncements referred to in this publication are those on issue as at 22 August 2025
- References to relevant standard requirements are placed in the left hand column of each page in this publication
- No comparative information is presented or information around Scope 3 greenhouse gas emissions is presented in accordance with transition relief available in the first year

Disclosures not illustrated:

Materiality

Whilst this document is prepared considering the concept of materiality there is no documentation of materiality in this report as materiality judgements are specific to an entity. AASB S2 does not specify any thresholds for materiality or predetermine what would or would not be material in a particular scenario.

Judgements, uncertainties and errors

AASB S2 requires an entity to disclosure information about the judgements it has made in the process of preparing its climate-related financial disclosures. AASB S2 also requires an entity to disclose information to enable primary users to understand the most significant uncertainties affecting the amounts or financial effects reported in the climate-related financial disclosures. In doing so, an entity identifies the amounts it has disclosed that are subject to a high level of measurement uncertainty and, for each of those amounts, it needs to disclose:

- i. the sources of measurement uncertainty; and
- ii. the assumptions, approximations and judgements the entity has made in measuring the amount.

As these illustrative disclosures are based on fictitious facts and circumstances, the disclosures about judgements and measurement uncertainties may not necessarily address all the requirements in AASB S2.

This illustrative set of climate-related financial disclosures has assumed that no errors were identified by the entity in prior period reporting and as such disclosures about the correction of errors is not illustrated.

The material contained in this publication is general commentary only and is not professional advice. Before making any decision or taking any action in relation to your organisation or business, you should consult a qualified professional advisor. To the maximum extent permitted by law, neither we nor any of our employees will be liable for any loss, damage, liability or claim whatsoever suffered or incurred arising directly or indirectly out of the use or reliance on the material contained in this publication.

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PP SD Pty Ltd Annual *Sustainability Report*

This report represents the sustainability report for PP SD Pty Ltd and its controlled entities (collectively, 'the Group') for the year ended 31 December 2025. The Group's climate-related disclosures have been prepared in accordance with AASB S2 *Climate-related Disclosures*. The Group has applied transitional relief in not presenting comparative information or Scope 3 greenhouse gas emissions.

Source	1. Directors declaration
Corps Act s296A(6)	<p>A directors' declaration is required to state reasonable steps to ensure the report is in accordance with <i>Corporations Act 2001</i> and AASB S2 requirements. At time of this guide, we note it could be presented as additional wording to the existing directors' declaration, or as a separate statement.</p> <p>For financial years commencing on or after 1 January 2028, directors of reporting entities are required to declare whether, in the directors' opinion, the sustainability report is in accordance with the <i>Corporations Act 2001</i>, and AASB S2.</p>
	Illustrative disclosure:
	<p>Directors declaration</p> <p>The directors declare that the Company and its subsidiaries ('Group') have taken reasonable steps to ensure that the sustainability report is in accordance with the <i>Corporations Act 2001</i>, including:</p> <ul style="list-style-type: none"> a. Giving a true and fair view of the Group's climate-related financial disclosures as at 31 December 2025 and of its performance for the year ended on that date; and b. Complying with Australian Accounting Standard AASB S2 <i>Climate-related Disclosures</i>. <p>This declaration is made in accordance with a resolution of the directors.</p> <p>Director: John Smith Dated this XX[day] of March 2026</p>



Source

2. Governance

AASB S2.5

The objective of climate-related financial disclosures on governance is to enable users of general purpose financial reports to understand the governance processes, controls and procedures an entity uses to:

- a. monitor;
- b. manage; and
- c. oversee climate-related risks and opportunities.

AASB S2.6

To achieve this objective, various disclosures are required which include:

- a. the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the entity shall identify that body(s) or individual(s) and disclose information about:
 - (i) how responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s);
 - (ii) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate related risks and opportunities;
 - (iii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;
 - (iv) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities; and
 - (v) how the body(s) or individual(s) oversees the setting of targets related to climate-related risks and opportunities (see paragraphs 33–36), and monitors progress towards those targets, including whether and how related performance metrics are included in remuneration policies (see paragraph 29(g)).
- b. management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:
 - (i) whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee (see paragraphs 33–36); and
 - (ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.

Note

- This section will be highly bespoke to each specific entity's governance structure and size. As such, a summary of key requirements is presented below with specific examples, rather than a detailed illustrative wording.

RG 280.56
Corps Act s.189

- Those charged with governance (TCWG) may utilise experts and advisors, but TCWG are responsible for making an independent assessment of the information or advice provided.



Illustrative disclosure:

Governance

The Directors have ultimate responsibility for the strategy, budgeting, risk management and oversight of the Group's operations. Embedded in these responsibilities is the monitoring, managing and overseeing of climate-related risks and opportunities.

The Directors delegate aspects of their climate-related responsibilities to the Audit and Risk Committee, and management. The Directors maintain oversight through:

- Monthly board meetings with a specific agenda item relating to climate and sustainability matters included at each meeting;
- Consideration of climate and sustainability factors in major strategic decisions;
- Formal annual review of the risk register, with significant climate-related risks included in this discussion;
- Supplementary reporting on climate matters from the Audit and Risk Committee, management and other parties as assessed appropriate; and
- Final review and approval of this sustainability report.

Audit and Risk Committee

The Audit and Risk Committee provides specific oversight over the Group's risk management, financial and non-financial reporting processes, including assessment of appropriate system of internal controls. The Audit and Risk Committee maintains an ongoing risk register, which includes significant climate and sustainability risk factors, and directs management actions around establishing, monitoring and amending plans as appropriate.

The Audit and Risk Committee also receives from management quarterly data around the Group's climate-related metrics and targets and oversees the drafting and approval of this annual sustainability report.

Senior management

The Directors delegates responsibility of implementing strategy, and day-to-day operations to the Chief Executive Officer ('CEO') and Chief Financial Officer ('CFO'). The CEO is responsible for progress toward the strategy set forth by the Directors, including on climate and sustainability related matters. The CFO is responsible for implementing and overseeing the systems and controls to support the quality, accuracy and appropriateness of the Group's financial and climate-related reporting for internal and external purposes.

The consideration of climate-related risks and opportunities is embedded in existing business practices for monthly and quarterly reporting to the Audit and Risk Committee and the Directors.

Skills and competencies

The Directors and management consider the skills and competencies of senior management in responding to climate-related risks and opportunities. Where necessary and appropriate, the Directors, or senior management, engage with an external contractor to provide additional expertise around climate-related issues. All findings and outputs prepared by external contractors are presented to the Directors or senior management for review and approval.

Internal carbon pricing

For the year ended 31 December 2025 the Group has not adopted an internal carbon price as part of its strategic and operational decisions and considerations. The Directors and Management consider carbon emissions and climate-related impacts from a qualitative perspective only. Directors and senior management will continue to monitor strategic and operational needs in determining whether to apply an internal carbon price in its internal decision-making processes.



Source

3. Strategy

AASB S2.8

The objective of climate-related financial disclosures on strategy is to enable users of general purpose financial reports to understand an entity's strategy for managing climate-related risks and opportunities.

AASB S2 requires various disclosures to meet these requirements, including sufficient information to enable users of general purpose financial reports to understand:

- a. the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects (see paragraphs 10–12);
- b. the current and anticipated effects of those climate-related risks and opportunities on the entity's business model and value chain (see paragraph 13);
- c. the effects of those climate-related risks and opportunities on the entity's strategy and decision making, including information about its climate-related transition plan (see paragraph 14);
- d. the effects of those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning (see paragraphs 15–21); and
- e. the climate resilience of the entity's strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities (see paragraph 22).

Note

This section will be highly bespoke to each individual entity's overall strategy, business model and exposure to risks and opportunities. As such, a summary of key requirements for each of the 5 subsections of AASB S2.9 is presented below with specific examples, rather than a detailed illustrative wording.



Source

3.1 Climate risks and opportunities

AASB S2.10

The entity shall disclose information that enables users of general purpose financial reports to understand the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects. Specifically, the entity shall:

- a. describe climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects;
- b. explain, for each climate-related risk the entity has identified, whether the entity considers the risk to be a **climate-related physical risk** or **climate-related transition risk**;
- c. specify, for each climate-related risk and opportunity the entity has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and
- d. explain how the entity defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the entity for strategic decision-making.

AASB S2.11

In identifying the climate-related risks and opportunities that could reasonably be expected to affect an entity's prospects, the entity shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort, including information about past events, current conditions and forecasts of future conditions.

Note

Entities applying the above disclosure should carefully consider the concept of materiality when identifying climate-related risks and opportunities for disclosure. This includes identifying all material risks and opportunities, and avoiding obscuring disclosures with excessive, vague or incomprehensible information.

Entities should clearly classify risks as either:

AASB S2.A

- **Physical risks:** resulting from climate change that can be event-driven (acute) or from longer-term shifts in climate patterns (chronic);

AASB S2.A

- **Transition risks:** arising from efforts to transition to a lower-carbon economy including policy, legal, technological, market and reputational risks.

Source

3.2 Current and anticipated effects of identified risk and opportunities on the business model and value chain

AASB S2.13

An entity shall disclose information that enables users of general purpose financial reports to understand the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain. Specifically, the entity shall disclose:

- a. a description of the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain; and
- b. a description of where in the entity's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).

The above disclosure should include historical effects for the period reported, as well as anticipated effects.



Source	3.3 Current and anticipated effects of identified risk and opportunities on strategy and decision making
AASB S2.14	<p>An entity shall disclose information that enables users of general purpose financial reports to understand the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the entity shall disclose:</p> <ol style="list-style-type: none">a. information about how the entity has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the entity plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the entity shall disclose information about:<ol style="list-style-type: none">(i) current and anticipated changes to the entity's business model, including its resource allocation, to address climate-related risks and opportunities;(ii) current and anticipated direct mitigation and adaptation efforts;(iii) current and anticipated indirect mitigation and adaptation efforts;(iv) any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies; and(v) how the entity plans to achieve any climate-related targets, including any greenhouse gas emissions targets, described in accordance with paragraphs 33–36.b. information about how the entity is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 14(a).c. quantitative and qualitative information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 14(a).

Source	3.4 Current and anticipated effects of identified risks and opportunities on financial position, performance and cash flows
AASB S2.15	<p>An entity shall disclose information that enables users of general purpose financial reports to understand:</p> <ol style="list-style-type: none">a. the effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period (current financial effects); andb. the anticipated effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how climate-related risks and opportunities are included in the entity's financial planning (anticipated financial effects).
AASB S2.16	<p>AASB S2 specifically requires disclosure of quantitative and qualitative information about:</p> <ol style="list-style-type: none">a. how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period;b. the climate-related risks and opportunities identified in paragraph 16(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements;c. how the entity expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:<ol style="list-style-type: none">(i) its investment and disposal plans (for example, plans for capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas, and asset retirements), including plans the entity is not contractually committed to; and(ii) its planned sources of funding to implement its strategy; and



Source	3.4 Current and anticipated effects of identified risks and opportunities on financial position, performance and cash flows
AASB S2.16	d. how the entity expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities (for example, increased revenue from products and services aligned with a lower-carbon economy; costs arising from physical damage to assets from climate events; and expenses associated with climate adaptation or mitigation).
AASB S2.17	Entities/groups are permitted to disclose impacts as a single amount or a range.
AASB S2.18	In preparing disclosures about the anticipated financial effects of a climate-related risk or opportunity, an entity shall: a. use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort; and b. use an approach that is commensurate with the skills, capabilities and resources that are available to the entity for preparing those disclosures.
AASB S2.19–20	An entity need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity if the entity determines that: • the effects are not separately identifiable; • the level of measurement uncertainty involved is so high that resulting information would not be useful; or • the entity does not have the skills, capabilities or resources to provide that quantitative information.
AASB S2.21	If an entity determines that it need not provide quantitative information about the current or anticipated financial effects of a climate-related risk or opportunity applying the criteria set out above, the entity shall: a. explain why it has not provided quantitative information; b. provide qualitative information about those financial effects, including identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that climate-related risk or opportunity; and c. provide quantitative information about the combined financial effects of that climate-related risk or opportunity with other climate-related risks or opportunities and other factors unless the entity determines that quantitative information about the combined financial effects would not be useful.



3.1–3.4 Illustrative disclosure:

The Group has identified the following climate-related risks and opportunities that are currently anticipated to materially affect the Group’s prospects in the short, medium and long term.

The Group defines short term as those risks and opportunities expected to impact the entity within 2 years of 31 December 2025. Medium term is defined as those risks and opportunities expected to impact the entity within 5 years of 31 December 2025. Long term is defined as those risks and opportunities expected to impact the entity within 15 years of 31 December 2025.

Climate risk/opportunity	Description of risk/opportunity	Current year impacts	Anticipated impacts
Increased risk of severe weather events in certain locations (Climate-related physical acute risk)	<p>The Group has locations in areas of Northern Queensland. Climate change is expected to increase the frequency and severity of major weather events, including floods and cyclones, increasing physical risks to assets and operations located in these areas.</p> <p>The Group notes that other locations in Melbourne and Hobart Central Business Districts appear to be less exposed, however may be impacted indirectly through supply chain impacts.</p> <p>Further, the Group maintains insurance coverage over all its locations as part of its overall risk management efforts. Insurance premiums and excess amounts are expected to increase.</p>	<p>The Group has not experienced any material direct losses associated with acute severe weather events.</p> <p>The Group experienced a 15% increase in its insurance premiums (total increase of \$13.2 million). The Group notes this may be partially attributed to climate risks impacting its Queensland operations. The level of interdependency and measurement uncertainty associated means a specific calculation of cost for this specific risk has not been estimated.</p> <p>The Group has considered the risk of severe weather events in its strategic decisions during the year, including in its evaluation of the acquisition of Subsidiary Pty Ltd, which is based in Rockhampton, Queensland.</p>	<p>The Group anticipates short-term financial impacts from loss or damage to physical assets and business interruptions.</p> <p>In the medium term, in addition to the above, the Group anticipates an increase in insurance premiums due to higher perceived risks. This may include changes to policy excess or types of policies available.</p> <p>The Group has not identified any material additional risks that will arise over the long-term.</p> <p>The Group’s overall business model is not directly impacted by this risk. However, the Group will consider the ongoing risks to assets, operations and people of its Queensland branch. Strategic decisions will include consideration of the above risks, including increased costs to maintain these locations. This may be reflected in the Group’s future pricing decisions.</p> <p>The Group will consider future efforts to mitigate severe weather event risks through structural improvements and investment in the medium-term. The Group has not developed a detailed plan, and therefore does not have a sufficiently precise estimate of the capital investment required.</p>
Policy to de-carbonise Changing consumer demand (Climate-related transition risk)	Not illustrated	Not illustrated	Not illustrated
Investment in new technology and products (Climate-related opportunity)	Not illustrated	Not illustrated	Not illustrated



3.1–3.4 Illustrative disclosure:

Other relevant information

The Group notes that, as at 31 December 2025, North Queensland locations account for:

- Approximately 14% of property, plant and equipment assets;
- Approximately 19% of inventory balances; and
- Approximately 24% of its total revenue.

The Group has considered a lower and higher global warming scenario. A higher global warming scenario is defined as an increase in global average temperature well exceeding 2°C above pre-industrial levels; and a lower global warming scenario is defined as an increase in global average temperature of 1.5°C above pre-industrial levels. The key assumptions associated with each scenario are included on Page XX of this report.

The Group noted that physical risks associated with severe weather events would be expected to be higher under a higher global warming scenario, compared to a lower scenario. This would include additional likelihood and magnitude of impacts from loss and damage to assets, business interruptions and increases in costs to operate. The Group noted that a higher global warming scenario would likely increase the Group's likelihood of undertaking mitigation works in its North Queensland locations, increasing its pricing associated with its services or considering its future strategic investments in vulnerable locations.



3.5 Climate resilience and scenario analysis

AASB S2.22

An entity shall disclose information that enables users of general purpose financial reports to understand the resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. The entity shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with the entity's circumstances. In providing quantitative information, the entity may disclose a single amount or a range. Specifically, the entity shall disclose:

- a. the entity's assessment of its climate resilience as at the reporting date, which shall enable users of general purpose financial reports to understand:
 - (i) the implications, if any, of the entity's assessment for its strategy and business model, including how the entity would need to respond to the effects identified in the climate-related scenario analysis;
 - (ii) the significant areas of uncertainty considered in the entity's assessment of its climate resilience;
 - (iii) the entity's capacity to adjust or adapt its strategy and business model to climate change over the short, medium and long term, including:
 - the availability of, and flexibility in, the entity's existing financial resources to respond to the effects identified in the climate-related scenario analysis, including to address climate-related risks and to take advantage of climate-related opportunities;
 - the entity's ability to redeploy, repurpose, upgrade or decommission existing assets; and
 - the effect of the entity's current and planned investments in climate-related mitigation, adaptation and opportunities for climate resilience; and
- b. how and when the climate-related scenario analysis was carried out, including:
 - (i) information about the inputs the entity used, including:
 - which climate-related scenarios the entity used for the analysis and the sources of those scenarios;
 - whether the analysis included a diverse range of climate-related scenarios;
 - whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks;
 - whether the entity used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change;
 - why the entity decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties;
 - the time horizons the entity used in the analysis; and
 - what scope of operations the entity used in the analysis (for example, the operating locations and business units used in the analysis); and
 - (ii) the key assumptions the entity made in the analysis, including assumptions about:
 - climate-related policies in the jurisdictions in which the entity operates;
 - macroeconomic trends;
 - national or regional-level variables;
 - energy usage and mix;
 - developments in technology; and
 - (iii) the reporting period in which the climate-related scenario analysis was carried out (see paragraphs B2 – B18).



Source

3.5 Climate resilience and scenario analysis

RG 280.99,
Corps Act s296D(2B)

Entities are required to undertake considerations under a minimum of two scenarios as set out in the *Climate Change Act 2022* and *Corporations Act 2001* being:

- A higher global warming scenario – an increase in global average temperature well exceeding 2°C above pre-industrial levels, which is taken to typically mean at least 2.5C; and
- A lower global warming scenario – an increase in global average temperature of 1.5°C above pre-industrial levels.

AASB 2.B2–B18

AASB S2 provides additional guidance to reporting entities in paragraphs B2 – B18 around factors to assess circumstances, determine approach and adapt its approach over time.

Illustrative disclosure:

Climate resilience and scenario analysis

During the year ended 31 December 2025, the Group conducted a scenario analysis of a lower and higher warming scenario to assess its resilience to climate-related factors. The key details and assumptions are included below:

	Lower warming scenario (1.5C)	Higher warming scenario (2.5C)
Key assumptions	(For example) Increased pace of regulations to limit carbon emissions and rapid adoption of renewable energy in Australia	(For example) Limited change in regulations and continuation of renewable energy adoption at current pace
Key uncertainties around assumptions	(For example) Whether government action will encourage businesses heavily exposed to transition risks to continue to operate through subsidies or other material support	(For example) Whether government action will encourage businesses to continue to operate in areas with higher physical risks through subsidies or other material support
Overall impact on business model	Commentary around the broader environment faced by the entity, and its impact on strategic decision-making. Consideration of the ability of the business to react to this scenario.	Commentary around the broader environment faced by the entity, and its impact on strategic decision-making. Consideration of the ability of the business to react to this scenario.
Impact on <Climate-related risk #1>	Summary of short, medium and long-term impacts linking back to previous risk assessment	Summary of short, medium and long-term impacts linking back to previous risk assessment
Impact on <Climate-related risk #2>	Summary of short, medium and long-term impacts linking back to previous risk assessment	Summary of short, medium and long-term impacts linking back to previous risk assessment
Impact on <Climate-related opportunity #1>	Summary of short, medium and long-term impacts linking back to previous risk assessment	Summary of short, medium and long-term impacts linking back to previous risk assessment



Source

4. Risk management

AASB S2.24	The objective of climate-related financial disclosures on risk management is to allow users of general purpose financial reports to understand an entity's processes to identify, assess, prioritise and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process.
AASB S2.25	<p>To achieve this objective, an entity shall disclose information about:</p> <ol style="list-style-type: none">the processes and related policies the entity uses to identify, assess, prioritise and monitor climate related risks, including information about:<ol style="list-style-type: none">the inputs and parameters the entity uses (for example, information about data sources and the scope of operations covered in the processes);whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related risks;how the entity assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria);whether and how the entity prioritises climate-related risks relative to other types of risk;how the entity monitors climate-related risks; andwhether and how the entity has changed the processes it uses compared with the previous reporting period;the processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities; andthe extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.

Note

It is noted this section will be highly bespoke to each individual entity's overall strategy, business model and exposure to risks and opportunities. As such, a summary of key requirements is presented below with specific examples, rather than a detailed illustrative wording.



Illustrative disclosure:

Risk management

Overall risk identification and management, including climate risk, is the primary responsibility of the Audit and Risk Committee, overseen by the Board. The process outlined below for climate risk is materially consistent with the process in place since July 2023, with the exception of the preparation of a mandatory sustainability report for the first time for the year ended 31 December 2025.

The Group considers its scenario analysis for a higher and lower warming scenario in its risk and opportunity identification, assessment, prioritisation and monitoring process. The key considerations are included in the Strategy section of this report.

Identification of risks

Climate risk and opportunity identification is conducted at Board, Audit and Risk Committee and management levels, as part of overall risk processes. The Group utilises external publicly available information from leading Government and non-Government sources (such as XXX), to consider physical risks, and federal, state and local government and opposition policy positions and industry reports (such as the Commonwealth Scientific and Industrial Research Organisation (CSIRO)) for transition risks.

Risks identified are logged into the formal risk register where identified, unless the assessed likelihood is considered remote, or magnitude as negligible.

Assessment of risks

The Audit and Risk Committee maintains an ongoing risk register, which includes the likelihood and magnitude of the identified risks to develop an overall risk rating. The risk matrix criteria is included as follows:

	High likelihood	Medium likelihood	Low Likelihood
High magnitude	Critical risk	High risk	Medium risk
Medium magnitude	High risk	Medium risk	Low risk
Low magnitude	Medium risk	Low risk	Low risk

Opportunities are separately considered within the Group's broader strategic framework. Identified opportunities which are assessed as material are either included in the business plan as strategic goals, or as future opportunities to be monitored.

Prioritisation

The Group prioritises all risks and opportunities, including climate risks, according to their rating, their broader strategic alignment, and qualitative factors such as community engagement and impact, staff sentiment and environmental impact. The allocation of resources at the Director and management level will consider the level of priority assessed in strategic and operational decision-making.

Monitoring

The risk register is formally reviewed and updated on a yearly basis. Climate risk monitoring by the Audit and Risk Committee is undertaken through review of quarterly data around the Group's climate-related metrics and targets and oversight of the drafting and approval of this annual sustainability report. The Directors are updated as required via the monthly Directors' meetings, where sustainability and climate is a recurring agenda item, or via the Audit and Risk Committee briefings where appropriate.



Source

5. Metrics and targets

AASB S2.27 The objective of climate-related financial disclosures on metrics and targets is to enable users of general purpose financial reports to understand an entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.

AASB S2.28 To achieve this objective an entity shall disclose:

- information relevant to the cross-industry metric categories (see paragraphs 29–31); and
- targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adopt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets (see paragraphs 33 – Aus37.1).

Source

5.1 Greenhouse gas emissions

AASB S2.29(a) An entity shall disclose information relevant to the cross-industry metric categories of:

- greenhouse gases—the entity shall:
 - disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of *CO₂ equivalent* (see paragraphs B19–B22), classified as:
 - Scope 1 greenhouse gas emissions;
 - Scope 2 greenhouse gas emissions; and
 - Scope 3 greenhouse gas emissions;
 - measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol:

A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or an exchange on which the entity is listed to use a different method for measuring its greenhouse gas emissions (see paragraphs B23–B25);
 - disclose the approach it uses to measure its greenhouse gas emissions (see paragraphs B26–B29) including:
 - the measurement approach, inputs and assumptions the entity uses to measure its greenhouse gas emissions;
 - the reason why the entity has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and
 - any changes the entity made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;
 - for Scope 1 and Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(1)–(2), disaggregate emissions between:
 - the consolidated accounting group (for example, for an entity applying Australian Accounting Standards, this group would comprise the parent and its consolidated subsidiaries); and
 - other investees excluded from paragraph 29(a)(iv)(1) (for example, for an entity applying Australian Accounting Standards, these investees would include associates, joint ventures and unconsolidated subsidiaries);



Source

5.1 Greenhouse gas emissions

- (v) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(2), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to inform users' understanding of the entity's Scope 2 greenhouse gas emissions (see paragraphs B30–B31); and
- (vi) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(3), and with reference to paragraphs B32–B57, disclose:
 1. the categories included within the entity's measure of Scope 3 greenhouse gas emissions, in accordance with the *Scope 3 categories* described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011); and
 2. additional information about the entity's Category 15 greenhouse gas emissions or those associated with its investments (*financed emissions*), if the entity's activities include asset management, commercial banking or insurance (see paragraphs B58–AusB63.1);

Some entities may choose to present intensity metrics (e.g. by revenue, employee numbers) in addition to their absolute metrics to better reflect their progress.

Note

It is noted that this section will be highly bespoke to each individual entity. As such, a summary of key requirements is presented below with some illustrative examples, different entities would have different metrics and disclosures or present them in a different manner.

Transitional relief

AASB S2.C4

- a. In the first annual reporting period if in the annual reporting immediately preceding the date of initial application of the Standard, the entity used a method for measuring its greenhouse gas emissions other than the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), the entity is permitted to continue using that other method.
- b. An entity is not required to disclose its Scope 3 greenhouse gas emissions (see paragraph 29(a)) which includes, if the entity participates in asset management, commercial banking or insurance activities, the additional information about its financed emissions (see paragraph 29(a)(vi)(2) and paragraphs B58–AusB63.1). Therefore this has not been illustrated.



Illustrative disclosure:

Greenhouse gas emissions

The Group has measured its Scope 1 and Scope 2 Greenhouse gas emissions in accordance with the *Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)* ('GHG Protocol'). All values have been expressed as metric tonnes of CO₂ equivalent.

The Group has applied the control approach based on the operational control model under the GHG Protocol. The Group does not have operational control over its joint operations, joint ventures or associates. The Scope 1 and Scope 2 emissions below are presented for PP SD Pty Ltd and its subsidiaries (not including its joint operations, joint ventures and associates).

	CO ₂ equivalent (metric tonnes)
Scope 1	
Fugitive emissions	X
Mobile combustion	Y
Scope 2	
Purchased electricity	Z
Purchased steam heating or cooling	AA
Total	BB

Measurement approach, inputs and assumptions

[The information below is included as illustrative only. Entities should also disclose any material assumptions, significant inputs and other methodologically relevant items, as relevant to their emissions profile, business operations and availability of information.]

The GHG emissions inventory was compiled in accordance with the GHG Protocol requirements and utilising the Australian National Greenhouse Accounts (NGA) Factors.

The Group has utilised an operational control approach, such that all emissions for entities for which the Group has full authority to control operations are included. The Group has determined that it does not have operational control over its joint operations, joint ventures or associates. Lease assets are assessed in line with the operational control approach, such that fuel combustion emissions and use of purchased electricity by leased assets has been included in Scope 1 and Scope 2 respectively.

Scope 1 emissions

Scope 1 emissions are direct emissions that are generated by sources owned or controlled by the organisation. The Group's only material Scope 1 emissions are from mobile combustion. Mobile combustion emissions have been reported using actual fuel usage data arising from fuel purchasing logs where available. Approximately 15% of combustion emissions were estimated where actual fuel usage data was not available for certain vehicles. The calculation was based on total kilometres travelled, fuel type and expected average fuel efficiency where actual fuel usage could not be determined. Relevant NGA factors were then applied to fuel usage totals.

Scope 2 emissions

Scope 2 emissions are indirect emissions resulting from the generation of purchased electricity, steam, heating or cooling. The Group's only material Scope 2 emissions were for purchased electricity. These emissions have been reported using a location-based methodology. The location-based method involves quantifying emissions based on emissions intensity of electricity generation within defined locations. Under the NGA emissions factors, this is based on the state, territory, or grid description from which the group purchases electricity. Different states have different emissions factors based on how energy is generated and how much renewable energy makes up the total electricity provision into the grid.

Direct electricity data was available from invoices issued by the Group's electricity retailers serving each location.

[Note this disclosure is for illustrative purposes and is not intended to be aligned with the PP SD Pty Ltd business or other sections of the illustrative disclosures in this document.]



Source

5.2 Other climate-related metrics relating to climate-related risks and opportunities

- AASB S2 29 (b)–(g) To the extent not included elsewhere in the sustainability report, entities must include details within as part of disclosures in this section, namely:
- the amount and percentage of assets or business activities vulnerable to climate-related transition risks;
 - climate-related physical risks – the amount and percentage of assets or business activities vulnerable to climate-related physical risks;
 - climate-related opportunities – the amount and percentage of assets or business activities aligned with climate-related opportunities;
 - capital deployment – the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities;
 - internal carbon prices and an explanation of whether and how the entity is applying a carbon price in decision making and the price for each metric tonne of greenhouse gas emissions; and
 - remuneration and a description of whether and how climate-related considerations are factored into executive remuneration and the % of executive management remuneration recognised in the current period that is linked to climate-related considerations.
- (see paragraphs B64 – B65 for guidance on the sections above)

Illustrative disclosure:

Description of metric	Amount	% of total	Description of vulnerability
Revenue from agricultural activities in at-risk geographical locations	\$50,000,000	10% of total revenue	<i>The Group currently undertakes agricultural activities in regions of Australia assessed as particularly vulnerable to climate-related physical risks. A description of the risk identified, assessment, mitigation and impact on strategy, business model, value chain and financial position, performance and cash flows is included above.</i>
Assets related to agriculture	\$40,000,000	4% of total assets	
Capital expenditure on drought-resistant infrastructure for agriculture in at-risk geographical locations	\$1,568,798	5% of total capital expenditure	

Remuneration

Climate-related considerations are not directly factored into the remuneration of Directors or senior management. Key management personnel compensation has been disclosed in Note XX(a) of the annual financial statements.

Directors are remunerated through a fixed annual fee. Senior management receive an annual compensation package which is comprised of base salary, and a variable component based on entity and individual performance as assessed by the Directors against financial and non-financial benchmarks. There are no climate-related metrics included in these benchmarks.

[Note this disclosure is for illustrative purposes and is not intended to be aligned with the PP SD Pty Ltd business or other sections of the illustrative disclosures in this document.]



5.3 Climate-related targets

AASB S2 33	<p>An entity shall disclose the quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the entity shall disclose:</p> <ol style="list-style-type: none">the metric used to set the target (see paragraphs B66 – Aus B67.1);the objective of the target;the part of the entity to which the target applies;the period over which the target applies;the base period from which progress is measured;any milestones and interim targets;if the target is quantitative, whether it is an absolute target or an intensity target; andhow the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.
AASB S2 34	<p>An entity shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:</p> <ol style="list-style-type: none">whether the target and the methodology for setting the target has been validated by a third party;the entity's processes for reviewing the target;the metrics used to monitor progress towards reaching the target; andany revisions to the target and an explanation for those revisions.
AASB S2 35	<p>An entity shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the entity's performance.</p>
AASB S2 36	<p>For each greenhouse gas emissions target disclosed, an entity shall disclose:</p> <ol style="list-style-type: none">which greenhouse gases are covered by the target;whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;whether the target is a gross greenhouse gas emissions target or net greenhouse gas emissions target. If the entity discloses a net greenhouse gas emissions target, the entity is also required to separately disclose its associated gross greenhouse gas emissions target (see paragraphs B68 – B69);whether the target was derived using a sectoral decarbonisation approach.the entity's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits the entity shall disclose information including, and with reference to paragraphs B70 – B71:<ol style="list-style-type: none">the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;which third-party scheme(s) will verify or certify the carbon credits;the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; andany other factors necessary for users of general purpose financial reports to understand the credibility and integrity of the carbon credits the entity plans to use.



Illustrative disclosure:

Climate-related targets

	All fleet vehicles either electric or hybrid by 2028
Objective	To reduce Scope 1 emissions
Scope	All Group operations and all motor vehicles held
Period	2025–2028
Base period	2024 – total of 50 vehicles, 45 not electric or hybrid
Interim target	N/A
Absolute or intensity target	Absolute
GHG target	No
Alignment with international agreements	Aligned with Paris agreement (2016)
Review and monitoring process	CEO and CFO are monitoring new fleet vehicle purchases, with hybrid/ electric status mandatory. Retirement of existing vehicles underway, with all non-electric or hybrid vehicles expected to be disposed by December 2027. Audit and Risk Committee updated on progress each quarter. No third party validation undertaken.
Performance	Total of 50 vehicles at 31 December 2025 – 36 not electric or hybrid. The Group notes the progress is in line with its expectations.

[Note this disclosure is for illustrative purposes and is not intended to be aligned with the PP SD Pty Ltd business or other sections of the illustrative disclosures in this document.]

Disclaimer

The illustrative disclosures in this document are examples, each entity will need to determine what format and extent of disclosures are appropriate to meet the requirements of the standards.

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